

ACT 180

H.B. NO. 2030

A Bill for an Act Relating to Bond Authority for Public Health Facilities.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 323-63, Hawaii Revised Statutes, is amended to read as follows:

- “~~[[§323-63]]~~ Powers. The department [shall have the power to:] may:
- (1) Operate, manage, and control [the system of] all public health facilities[;] and establish one or more public health facilities as a system of public health facilities for the purpose of issuing revenue bonds pursuant to part III of chapter 39;
  - (2) Establish new public health facilities;
  - (3) Adopt, amend, and repeal bylaws and rules[,] governing the conduct of its affairs and the performance of the powers and duties granted to or imposed upon it by law;
  - (4) With the governor’s approval, enter into and perform [such] contracts, leases, cooperative agreements, or other transactions [as] that may be necessary in the performance of its duties and responsibilities, including, but not limited to, entering into contracts for the management or lease, or both, of any component of a public health facility, and on [such] terms [as] that it may deem appropriate, with any agency or instrumentality of the United States, or with any state, territory, or possession, or with any subdivision thereof, or with any person, firm, association, or corporation; provided that the transaction [furthers] shall further the public interest;
  - (5) With the governor’s approval, enter into business relationships, including, but not limited to:

- (A) Creating nonprofit corporations;
  - (B) Establishing, subscribing to, and owning stock in for-profit corporations individually or jointly with others; and
  - (C) Entering into partnerships and other joint venture arrangements; provided that the relationship [furthers] shall further the public interest;
- (6) Participate in prepaid health care service and insurance programs, and other alternative health care delivery programs;
  - (7) Execute, in accordance with all applicable bylaws, rules, and laws, all instruments necessary or appropriate in the exercise of any of its powers;
  - (8) Hire and dismiss, in accordance with section 323-65, the administrator or assistant administrator, or both, for each public health facility;
  - (9) Prepare and recommend all division-wide and facility-specific budgets, policies, and procedures;
  - (10) Set rates and charges for all services provided in each public health facility;
  - (11) Recommend capital improvement projects, and repair and maintenance projects for each public health facility;
  - (12) Conduct [an] annual [audit] audits through an independent certified public accountant covering all financial operations of the public health facilities and the division;
  - (13) Approve medical staff bylaws, rules, and medical staff appointments and reappointments for all public health facilities;
  - (14) Develop division-wide capital and strategic plans; [and]
  - (15) Issue revenue bonds pursuant to part III of chapter 39; and
  - [(15)] (16) Perform all other acts necessary or appropriate to carry out the purposes of this part.”

SECTION 2. Section 323-70, Hawaii Revised Statutes, is amended to read as follows:

“~~[[§323-70]]~~ **Revenues.** (a) Pursuant to chapter 91, the division [shall]<sup>1</sup> impose and collect rates, rents, fees, and charges for the use of its public health facilities and their derived services, and shall revise [such] these rates, rents, fees, and charges from time to time whenever necessary so that all public health facilities, services, and projects of the division may provide appropriate care to the community.

(b) Nothing in this chapter shall preclude the making of appropriations to the division, or the use of funds derived from the sale of stocks, bonds, or other assets in the possession of the division, to pay all or part of the costs of construction[,], or maintenance, or both, of any or all facilities, services, and projects of the division[.]; provided that the rates, rents, fees, and charges imposed at public health facilities that are part of a system of public health facilities for which revenue bonds have been issued shall not be less than the rates, rents, fees, and charges required to enable the department to comply with section 39-61 and any resolution or certificate authorizing and securing the revenue bonds.”

SECTION 3. Section 323-73, Hawaii Revised Statutes, is amended to read as follows:

“~~[[§323-73]]~~ **Establishment of special funds.** (a) Any other law to the contrary notwithstanding, each public health facility shall place its revenues and all other moneys collected [or],<sup>1</sup> acquired,<sup>1</sup> or made available for the use of that facility,

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into a special fund to be used for the payment of its lawful operating expenditures. At the beginning of each quarterly allotment period, the director shall assess from each hospital special fund an amount equal to two per cent of the moneys in the hospital special fund and [shall] deposit those amounts into the facility administration fund established in subsection (b). At the end of each quarterly allotment period, the director shall transfer all moneys remaining in a hospital special fund not required for the lawful operating expenditures of the hospital for that quarterly allotment period into the facility administration fund [established in subsection (b)]; provided that [those] public health facilities [which] that do not receive general fund augmentation may retain [up to] not more than twenty-five per cent of their unrequired special fund revenues in their respective hospital special funds for payment of their lawful operating expenditures. The director shall determine the percentage [which] that a public health facility not supported by general funds may retain in its hospital special fund. The amounts the director [is authorized to] may transfer shall include all unrequired special fund balances from prior years.

(b) There is established within the department of health a special fund to be known as the facility administration fund [which]. The facility administration fund shall be used to defray the general administrative costs of the division and [to] provide supplemental funds to [those] public health facilities [which] that do not have sufficient moneys in their special funds to cover their required lawful operating expenditures, including contingencies for correcting hospital deficiencies cited by agencies [which] that monitor and evaluate the division. [In the event] If the balance in the facility administration fund at the end of any fiscal year exceeds ten per cent of the expenditures of all the public health facilities for that fiscal year, the funds in excess of ten per cent of the expenditures shall be transferred by the director to the general fund. The director may also transfer funds from [this] the facility administration fund to the general fund at any time pursuant to section 37-53.

(c) Any other law to the contrary notwithstanding, a separate special fund shall be established for each system of public health facilities for which revenue bonds have been issued. All income, revenues, and receipts derived from the ownership or operation of the particular system shall be deposited in the special fund and applied in accordance with section 39-62 and the resolution or certificate authorizing and securing the revenue bonds. For the purposes of determining the amount to be assessed against a special fund established pursuant to this subsection, the director may separately allocate a portion of the special fund to each separate public health facility that constitutes a component of the system, or assess from the special fund as a whole.

[(c)] (d) The director shall submit an annual report to the legislature, twenty days prior to the convening of each regular session, [which] that identifies all fund balances and ceiling increases in the various hospital and facility funds, the transfers and expenditures made from the funds, and the purposes of the expenditures.”

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved June 9, 1993.)

### Note

1. So in original.